

Message Text

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ACTION EB-08

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C O N F I D E N T I A L DACCA 4990

E.O. 11652: GDS
TAGS: ECON, EGEN, UNCTAD
SUBJECT: BANGLADESH VIEWS ON UNCTAD COMMON FUND MEETING,
NOVEMBER 7-DECEMBER 2, 1977

REFS: A. STATE 191312, B. STATE 179166

1. SUMMARY. BDG HAS NOT YET PREPARED A STRATEGY FOR
NOVEMBER UNCTAD COMMON FUND MEETING, BUT WILL SEND A DELE-
GATION AND WILL ACTIVELY SUPPORT GROUP OF 77 CONSENSUS.
BDG SUPPORTS ESTABLISHMENT OF COMMON FUND BEFORE NEGOTIA-
TIONS ON INDIVIDUAL COMMODITIES AND CONTINUES TO BE
INTERESTED IN JUTE AND TEA PRICE STABILIZATION ARRANGE-
MENTS. HOWEVER BDG'S THINKING ON BUFFER STOCKS IS STILL
VERY GENERAL, AND MINISTRY OF FINANCE HAS RESERVATIONS
ABOUT A JUTE BUFFER STOCK, IN VIEW OF CURRENT HIGH
PRICES. PRACTICAL CONSIDERATIONS WILL ULTIMATELY GUIDE
BDG'S POSITIONS ON JUTE AND TEA, BANGLADESH'S MAJOR
EXPORTS. FOLLOWING BASED ON CONVERSATIONS WITH WORKING
LEVEL OFFICIALS IN MINISTRIES OF COMMERCE, FINANCE,
JUTE AND FOREIGN AFFAIRS, WHO FORMULATE BDG'S COMMON
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FUND POLICY. END SUMMARY.

2. BDG'S COMMON FUND POLICY IS COORDINATED BY JOINT
SECRETARY FOR COMMERCE MONWAR-UL-ISLAM, AN EXPERIENCED
SENIOR CIVIL SERVANT. OTHERS INVOLVED AT WORKING
LEVEL ARE ABIDUR RAHMAN, JOINT SECRETARY OF FINANCE,
INTERNATIONAL AFFAIRS; H.S.H. CHISHTY, ADDITIONAL

SECRETARY FOR JUTE; AND A.K. CHOWDHURY, DIRECTOR FOR INTERNATIONAL ORGANIZATIONS, MINISTRY OF FOREIGN AFFAIRS. THE SENIOR SECRETARIES OF THESE FOUR MINISTRIES AND THEIR MINISTERS, INCLUDING PRESIDENT ZIA WHO HOLDS THE FINANCE PORTFOLIO, WILL APPROVE COMMON FUND POLICY FORMULATED AT WORKING LEVEL. THE FINANCE MINISTRY WILL PROBABLY BE MOST INFLUENTIAL IN POLICIES CONCERNING EXPORT PRICES AND BUFFER STOCKS. BDG'S AMBASSADOR TO THE UN IN GENEVA, KIBRIA, IS ALSO ACTIVE AND INFLUENTIAL IN COMMON FUND MATTERS. OUR IMPRESSION IS THAT HE IS MORE INTERESTED IN POLITICAL ASPECTS OF COMMON FUND AND G-77 RELATIONS THAN TECHNICAL ASPECTS.

3. COMMERCE, FINANCE, JUTE AND FOREIGN AFFAIRS REPRESENTATIVES ALL SUPPORT ESTABLISHMENT OF COMMON FUND BEFORE INDIVIDUAL COMMODITY NEGOTIATIONS, ON THE THEORY THAT THIS WILL TRIGGER FRUITFUL NEGOTIATIONS LEADING TO STABILIZATION SCHEMES. BDG IS NOT LIKELY TO DEVIATE FROM GPAUU CONSENSUS ON THIS OR OTHER BROAD COMMON FUND ISSUES. BDG'S MAIN INTEREST IN COMMON FUND CONTINUES TO BE BENEFITS FOR ITS TWO MAJOR EXPORTS, JUTE AND TEA. LITTLE THOUGHT HAS YET BEEN GIVEN TO TEA. MINISTRIES OF JUTE AND COMMERCE CONTINUE TO SUPPORT BUFFER STOCK CONCEPT FOR JUTE ALTHOUGH THEIR VIEWS SEEM GENERAL AND NOT SHARPLY FOCUSED. HOWEVER, JOINT SECRETARY FOR FINANCE RAHMAN TOLD EMBOFF THAT CONFIDENTIAL

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BDG NOW HAS SOME DOUBTS ABOUT THE WISDOM OF A JUTE BUFFER STOCK IN VIEW OF HIGH PRICES FOR RAW JUTE IN LAST TWO YEARS.

4. JUTE AND FOREIGN AFFAIRS MINISTRIES VIEW COMMON FUND AS SOURCE OF FINANCING FOR INTERNATIONAL PROGRAMS FOR RESEARCH AND DEVELOPMENT, MARKET PROMOTION, AND INCREASED PRODUCTION EFFICIENCY.

5. "HARMONIZATION" OF PRODUCTION OF SYNTHETIC FIBER JUTE SUBSTITUTES WITH RAW JUTE PRODUCTION REMAINS A BDG GOAL; BUT BOTH COMMERCE AND FINANCE REPRESENTATIVES RECOGNIZE THIS IS PROBABLY NOT REALISTIC AND THAT ANY JUTE PRICE ARRANGEMENTS MUST BE GEARED TO PRICE OF SYNTHETICS. COMMERCE REPRESENTATIVE STRESSED THAT INDUSTRIAL NATIONS CANNOT INSIST ON SUPPLY ACCESS GUARANTEES FROM PRODUCER NATIONS WITHOUT RECIPROCAL PROMISES NOT TO RAISE TARIFF BARRIERS AGAINST RAW MATERIAL IMPORTS. HE ESPECIALLY CRITICAL OF SUCH BARRIERS BY THE EC.

6. BDG DELEGATION TO NOVEMBER COMMON FUND MEETING

HAS NOT YET BEEN CHOSEN, BUT MAY INCLUDE OFFICIALS
LISTED ABOVE IN ADDITION TO AMBASSADOR KIBRIA IN
GENEVA. BDG WILL CONTINUE TO LISTEN TO U.S. VIEWS
ON COMMON FUND WITH INTEREST; HOWEVER SINCE ITS POLICY
HAS NOT PROGRESSED MUCH BEYOND GENERALIZATIONS AND
CENTERS AROUND JUTE, AND SINCE BDG IS UNLIKELY TO BE A
LEADER IN COMMON FUND NEGOTIATIONS, WE DOUBT THAT A
VISIT BY A U.S. EXPERT ON COMMON FUND WOULD BE FRUITFUL
AT THIS STAGE, UNLESS U.S. IS CONTEMPLATING SOME NEW
INITIATIVE ON JUTE.
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